

House District 13Senate District 6

**THE TWENTY-FOURTH LEGISLATURE
HAWAII STATE LEGISLATURE
APPLICATION FOR GRANTS & SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

Log No: 182-O

For Legislature's Use Only

Type of Grant or Subsidy Request:

☐ GRANT REQUEST - OPERATING☐ GRANT REQUEST - CAPITAL☒ SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST DEPARTMENT OF HEALTH
AND PROGRAM I.D. NO. _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Molokai General Hospital
Dba:

Street Address:
280 Home Olu Place
Mailing Address:
P O Box 408, Kaunakakai, HI 96748

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name JANICE KALANIHUIA
Title President
Phone # 808 553 3123
Fax # 808 553 3182
e-mail jkalanihuia@queens.org

3. TYPE OF BUSINESS ENTITY:

- ☒ NON PROFIT CORPORATION
☐ FOR PROFIT CORPORATION
☐ LIMITED LIABILITY COMPANY
☐ SOLE PROPRIETORSHIP/INDIVIDUAL

4. FEDERAL TAX ID #: [REDACTED]**5. STATE TAX ID #:** [REDACTED]**6. SSN (IF AN INDIVIDUAL):** _____**7. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:****RURAL CRITICAL ACCESS HOSPITAL OPERATING SUBSIDY***(Maximum 300 Characters)***8. FISCAL YEARS AND AMOUNT OF STATE FUNDS REQUESTED:**FY 2007-2008 \$ 2,000,000FY 2008-2009 \$ 2,000,000**9. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:**

- ☐ NEW SERVICE (PRESENTLY DOES NOT EXIST)
☒ EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE
AT THE TIME OF THIS REQUEST:

STATE \$ _____

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ 1,500,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]JANICE KALANIHUIA, PRESIDENT
NAME & TITLE01/29/2007

DATE SIGNED

**DECLARATION STATEMENT
APPLICANTS FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

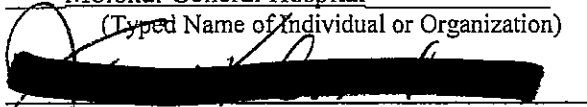
Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Molokai General Hospital

(Typed Name of Individual or Organization)



(Signature)

Janice Kalanihūia

(Typed Name)

01/29/07

(Date)

President

(Title)

APPLICATION FOR GRANTS AND SUBSIDIES
2007 – 2009 Biennium Budget (July 1, 2007 to June 30, 2009)

I. Background and Summary

An appropriation of funds to ensure that Moloka'i General Hospital (MGH) will sustain its current operations, continue to provide medical care to the people of Moloka'i and her visitors, without discrimination, and improve upon its clinical and business growth and profitability.

2006 and thus far 2007 has been both exciting and challenging for Moloka'i General Hospital (MGH):

- Fundraising for Phase II Renovation/Reconstruction Project.
- Cost Containment Measures, Quality Assessment, and Performance Improvement.
- Continued refinement of restructured billing system.
- Increased refinement of operations at our Rural Health Clinic.
- Tremendous growth of our two year-old chemotherapy and oncology services.
- Initiation of endoscopy and colonoscopy procedures.
- One of six national awardees of a CMS (Medicare) demonstration grant for cancer patients (other grantees include John Hopkins and University of Texas).
- Increased competition for staff by federally funded entities paying higher wages.
- Increased competition for the provision of services from other health care entities.
- Continued loss of reimbursement relative to costs.
- Entering sixth year of operations as a Critical Access Hospital.
- July 2006 Start of Phase II Renovation/Reconstruction Project – with a projected completion date of August 2007.

1. Description of Organization:

Molokai General Hospital (MGH) is the only hospital serving the island of Molokai and the population of seven thousand five hundred residents and a fair number of visitors. Built in 1963, the hospital is currently licensed for 15 beds, 13-acute/skilled nursing and two long-term care. MGH has been a Critical Access Hospital since 2001. Critical Access, is a federal designation under the Hawai'i State Rural Hospital Flexibility Program. With this status, MGH has been able to incrementally improve upon our financial position; retain and enhance basic hospital services; and stabilize and expand upon physician and allied health services.

MGH provides the community with the only:

- 24/7 Emergency Room Services
- 24/7 Imaging; X-ray and C.T Scan.
- 24/7 Laboratory services

- 24/7 Acute Care
- 24/7 Midwifery birthing services
- Mammography and ultrasound by appointment
- Skilled Nursing services (rehabilitation)
- Women's Health Services
- Colonoscopy and Endoscopies
- Chemotherapy
- Community "Meals-on-Wheels"
- Office space for visiting specialty clinics
- Telemedicine, Oncology, Continuing Education, and high-risk weight management

In addition, the MGH Diabetes Care Management program is one of only five in Hawaii certified by the American Diabetes Association. MGH's Rural Health Clinic provides Primary Care/Internal Medicine and family planning services. MGH is also a certified participant in the MEDICARE and State MEDICAID programs.

In 1987, MGH was purchased by the Queens Health System (QHS) to avoid closing because of the increasing financial burden required to continue operations as a "community facility." MGH is a first tier company of the QHS and receives considerable financial and management support from QHS. However, QHS has had challenges due to reimbursement shortfalls in Medicaid and Medicare programs; increases in uncompensated care to include charity and bad debt along with ongoing losses in behavioral health and other essential community programs to benefit the needy and underserved. As Hawaii's only verified trauma center, the Queen's Medical Center (QMC) incurs costs – which continue to rise – to maintain this essential service for the entire state, 24 hours a day, 365 days a year.

Despite financial support from QHS and given these and numerous other community needs supported by QHS, increased financial support from the State, the County of Maui, federal and private grants is essential for Molokai General Hospital and the people of Molokai.

Moloka'i General Hospital's (MGH) mission is to be a community-driven center of excellence, committed to fostering health, wellness, and service as stewards of the 'aina and its people in the spirit of aloha.

2. Goals and Objectives:

The primary goal of this request is to secure the much needed funding to ensure that MGH sustains its current level of operations and continue to provide around the clock medical care for the entire community of Molokai, residents as well as visitors. A state grant or subsidy would offset the significant operating losses that MGH has been incurring for many years. Maintaining the acuity capability at Molokai General Hospital ultimately saves healthcare dollars by eliminating the need for certain costly transfers to Oahu or Maui.

Studies show healing capacity is optimized when the patient is in proximity to their support system; further supporting the notion that those who live on Molokai are best cared for at home, when it is safe to do so.

3. Public Purpose and Need:

The public purpose and need to be served is to enable MGH to continue to operate the only hospital on the island of Molokai with emergency services, acute care, radiology and laboratory services on a 24-hour, 365 days per year basis. MGH provides skilled nursing services (rehabilitation), primary care/internal medicine, family planning, women's health services, birthing services, colonoscopies / endoscopies, chemotherapy, community "Meals-on-Wheels" office space for visiting specialty clinics, telemedicine, hospice / compassionate care, oncology/chemotherapy, continuing medical and education, diabetes case management and high-risk weight management. MGH is a certified participant in the MEDICARE and State MEDICAID programs.

MGH's existence assists the seven thousand five hundred residents and many visitors on the island of Molokai to overcome the following challenges when it comes to the provision of health care:

- Geographical separation by ocean
- Expense of air transportation and housing
- Limited health care resources
- Incredible cost of shipping supplies into Molokai, even from Honolulu
- Lack of public transportation
- Difficulty in recruiting and retaining qualified staff to live on Moloka'i. To retain qualified professionals, MGH compensation, although not at the level of HHSC and other facilities, must provide a living wage.
- Competition for qualified providers by federally subsidized clinics and health systems, able to provide salaries at off-island levels.
- Increasing numbers of underserved, uninsured and vulnerable people
- Poor health of Molokai residents as described in the section below.
- Aging population as described below.

4. Target Population:

The population targeted to benefit from a state grant / subsidy would be the Moloka'i resident and visitor population of about 7,500 people. With the exception of Ni'ihau, Moloka'i has the highest percentage of Native Hawaiians, at greater than 60%, in the State. In addition, Moloka'i has the highest unemployment in the State – 10.7 (2004). 45% of Molokai's residents have incomes below 200% of the Federal poverty limit, with an average annual per capita income of \$9,468.00. Only the native Hawaiian communities of Puna and Ni'ihau have lower per capita incomes.

Furthermore, historical census data shows the dramatic increase in Moloka'i's elderly population over the last 30 years. Indeed, the numbers of eligible Medicare beneficiaries

have tripled since 1970 and comprises a larger proportion of Moloka'i's population – 13.8% (2002). This trend parallels the overall transition throughout the state of a rapidly graying population:

Molokai residents suffer some of the highest morbidity rates in Hawai'i:

- **Cancer:** Residents in 1998 had 57.7 hospitalizations for cancer per 10,000 population—two times higher than the state rate of 27.4 admissions per 10,000 population^a;
- **Heart Disease:** The island's cardiac surgery rate in 2001 was 37.5 per 10,000 population – compared to the state rate of 30 per 10,000 population^a;
- **Kidney Disease:** The per capita rate of Moloka'i residents with failing kidneys and on renal replacement therapy, including all dialysis modalities, was 19 per 10,000 population in 1994 (last available statistics) - highest of any island in Hawai'i. The state rate was 9 per 10,000 population^a;
- **Diabetes:** The island in 2000 had 790 diabetics per 10,000 population, more than 50% higher than the rest of the state at 520 per 10,000^b;
- **Obesity:** From 1992-1999, the pooled rate (64.1%) of the Native Hawaiian population on Moloka'i weighing at least 120% more than their estimated ideal body weight was double the U.S. rate^c. The obesity rate among the general resident population in 2000-2001 on Molokai was 24.9%, over 40% higher than the state's rate for those years^b. A recent study on Molokai demonstrates a childhood rate of overweight nearly twice the national average

^a Source: Hawaii Health Information Corporation

^b Source: HBRFSS, 2000 and 2000-2001, respectively

^c Source: Cardiovascular Risk in Ethnic Hawaiians.

The extremely poor health of Molokai's residents is an indicator of both the complex socioeconomic challenges of this rural, predominantly native Hawaiian community, and the deficiencies of the current island network of social and health service providers to meet the needs of the community.

5. Geographic Coverage:

The island of Molokai lies within the County of Maui and is comprised of Census Tracts 317, 318, and 319. It is approximately 261 square miles and remains a rural community, un-commercialized as a major tourist destination area with a depressed economy that has since failed to recover from the pineapple plantations phasing out in the 70's and 80's.

6. Subsidy Distribution:

A state subsidy would offset the operating losses that MGH incurs annually. The operating losses are mainly the result of the following factors:

- The high cost of staffing the emergency room and hospital with contract physicians, nurses and technicians on a 24 hour / 365 days a year basis.

- Reimbursements for Medicaid and Medicare programs that do not cover the cost of providing the services.
- Low utilization in high cost areas (i.e. CT scan) that are critical needed services for the island.
- High transportation costs for the movement of supplies and personnel.
- Off-island contract services due to lack of on island expertise.
- Bad debt and uncollectable accounts due to lower per capita income.

II. Experience and Capability

A. Necessary Skills & Experience

Moloka'i General Hospital has been in existence for over 43 years. Built in 1963, the hospital is currently licensed for 15 beds, 13-acute/skilled nursing and two long-term care. MGH is an affiliate of the Queens Health Systems that provides professional, operational and financial support. In 2001, MGH was designated a Critical Access Hospital. The facility is staffed with a complement of appropriately certified, licensed and trained medical, nursing, health care and support staff. Inpatient, acute care and emergency room services are staffed with ER physicians, registered nurses, licensed practical nurses, certified nurse aides / medical technicians on a 24 hours per day, seven days per week basis. Laboratory, radiology and respiratory technicians are on call when not at the facility. Additional resources are always on call, including community physicians and nurses. Since 1985, a hospital based midwifery program has been serving the community around the clock.

MGH provides the community with the only;

- 24/7 Emergency Room Services
- 24/7 Midwifery Birthing Services
- 24/7 Imaging; C.T., X-ray, mammography
- 24/7 Laboratory services
- 24/7 Acute Inpatient Care coverage for admissions and care
- Skilled Nursing services (rehabilitation)
- Women's Health services
- Midwifery - Birthing services
- Colonoscopies and Endoscopies
- Chemotherapy/Oncology services
- Community "Meals-on-Wheels"
- Kupuna meals (traditional Hawaiian)
- Office space for visiting specialty clinics
- Telemedicine Oncology, Continuing Education, and high-risk weight management

In addition, MGH runs the only American Diabetes Association certified Diabetes Care Management program on Molokai (one of only 5 in the State of Hawaii), participates as

a grantee of the Susan G. Komen Foundation (cancer education, screening and support for women on Molokai & Lanai), provides perinatal support to pregnant women with risk factors (domestic violence, neglect, substance abuse, age, etc), has successfully completed grants and contracts involved in disease / weight management, telemedicine and rural health improvement.

Off-island physicians rent clinic space at the MGH Medical Office Building: cardiology, ophthalmology, optometry, orthopedics, urology, gastroenterology, OB/GYN, maternal-fetal medicine, podiatry, general surgery, allergy/asthma, nephrology, psychiatry/telepsychiatry, and Veteran's Administration. These specialists provide services to Molokai residents and visitors based on varying monthly schedules. MGH actually operates these specialty clinic at a loss as we provide ancillary staff to assist the specialists.

MGH participates in grants and contracts with the State of Hawaii, County of Maui, Federal Government and other private and public organizations. Current grants include:

- Centers for Medicare and Medicaid Services (CMS) – to improve the early detection and treatment of cancer and reduce health disparities among minority Medicare beneficiaries. The target population is Native Hawaiians and Filipinos on the rural island of Molokai. The goal is to demonstrate patient navigation services to link and rural island community with urban care.
- Susan G. Komen – Improve breast cancer care and to provide community outreach on breast cancer prevention, detection, education and awareness.
- Ulu Export Grant – Diabetes awareness prevention and education.
- Department of Housing and Human Concerns, County of Maui – Molokai and Lanai Well Women Clinic and Prenatal Services Programs.
- Joslin Telemedicine Initiative – Diabetes Care and Treatment Project.

Completed awards include:

- Office of Minority Health (federal) – Molokai Diabetes Care Management Program.
- Robert Wood Johnson – Seed money to initiate the `Auinala Programs: End of Life Services and management of Chronic Diseases.
- Office of Advanced Telehealth (federal) – Development of Telehealth Services.

B. Quality Assurance and Evaluation

Molokai General Hospital is licensed by the State of Hawaii and undergoes a rigorous Department of Health inspection each year. MGH is accredited by the Joint Commission of Healthcare Organizations (JCAHO) and is one of only two CAH's in the State of Hawaii to hold that certification. In November 2006, MGH was reaccredited by JCAHO for a period of up to 39 months.

MGH maintains quality assurance and risk management programs.

1. IN-HOUSE CONTINUOUS PERFORMANCE IMPROVEMENT

Each Department on a quarterly basis develops a CPI project based on an area that needs to be reviewed and evaluated. Reports are generated quarterly and actions developed to improve systems.

2. CAH Balanced Scorecard - Addresses the organization in its entirety based in four areas:

Management

Fiscal

Patient services and satisfaction

Staff concerns.

- Information is provided to the Stroudwater Consultants who then generates reports to review and analyze the organization's progress. This program is coordinated with the State of Hawaii Office of Rural Health.
- Provides Benchmarking with other CAHs in the state of Hawaii

3. 9 NON-CORE MEASURES (for JCAHO compliance/review.)

- a. Medication Errors
- b. Patient Falls
- c. X-Ray Retakes
- d. Patient Stay (DRG outliers)
- e. Lab
- f. ER Returns within 48hours
- g. In-Patient Pneumonia- community acquired
- h. Patients w/ Diabetes
- i. Vaginal Births w/out complications

4. QUALITY ASSURANCE PROJECTS as determined by the QIO – Mountain Pacific Quality Health. Recently conducted patient safety review.

5. CMS (Medicare) Gathers Information through the Minimum Data Set (MDS) which is submitted quarterly regarding the care and services for LTC residents.

MGH has an active safety program and participates in disaster planning with government and other agencies. MGH maintains quality assurance and risk management programs.

C. Facilities

The original MGH facility was constructed in 1963. In 1999 Hospital administration engaged the services of a planner / architect who developed plans to bring the facility into compliance with Maui County building codes, JCAHO life- safety codes and the Americans with Disabilities Act (ADA) requirements. When completed in summer of 2007, MGH will be fully compliant with codes and requirements. A two-phase

construction and renovation approach was initiated in order to ensure a continuum of services.

Phase I

Phase I of the construction/renovation began in June of 2004 and was completed on time and on budget on June 24, 2005. Phase I construction added approximately 12,000 square feet of state-of-the-science clinical space. Imaging services, acute beds, labor-delivery-postpartum-recovery rooms, emergency/trauma rooms, and urgent care treatment rooms and long-term beds are housed in this addition. A new CT was purchased to replace an outdated unit, cutting the time for a CT from 40 minutes to 3 minutes and greatly increasing the quality of obtained studies.

Phase II

MGH began Phase II of the project in July 2006. Phase II will include renovation of the existing 40+ year-old building to house the following services: Laboratory, Physical Therapy, Women's Health Center, Medical Records, Pharmacy, Dietary, Administrative offices, Billing, a Special Procedures Suite, classrooms, two conference rooms, a chapel and associated infrastructure to support these services. Designs for Phase II have been completed and contracts have been awarded for the initial renovation work. The construction budget for Phase II is \$ 8.4 million. Total area of Phase II construction/renovation is approximately 24,800 square feet.

In addition to the 12,000 square feet added in 2005, the Rural Health Clinic footprint will be expanded by 100%, adding much needed space for primary care, women's health center (family planning & perinatal support), oncology, visiting specialists, and various other programs and services. The support activities and some ancillary services such as endoscopy, cardiopulmonary, physical therapy, medical records, housekeeping, dietary, business office and administration currently occupies portions of the Phase II footprint. There is adequate space to facilitate on-going operations during the Phase II renovation.

III. Project Organization and Staffing

A. Staffing Staff Qualifications, Supervision and Training:

Proposed Staffing:

Current MGH direct patient care staff includes three physicians (two internal medicine and one part-time medical director, two nurse midwives, one nurse practitioner, eight registered nurses, one physical therapist, two licensed practical nurses, eight certified nurse assistants/medical technicians, one respiratory therapist and two radiology technicians. An on-site laboratory is operated by Diagnostic Laboratory Services (DLS). All personnel are certified and hold current unencumbered licenses as required. There are about 35 employees providing support services in maintenance, housekeeping, receptionist, dietary, medical records, business office, fiscal and administrative areas.

Our rotating emergency room contract physicians (fifteen of which all but two are from off-island) represent the highest level of care on the island on a 24/7 basis. Agency nurses are also utilized in the emergency room. It costs over \$800,000 to staff the emergency room with these contract physicians and agency nurses. MGH frequently must rely on agency provided nurses and medical technicians to fill recruitment shortfalls and unexpected coverage issues. In all cases, the agency provided personnel are certified and licensed as required.

Off-island physicians rent clinic space at the MGH Medical Office Building: Veteran's Administration, cardiology, ophthalmology, optometry, orthopedics, urology, gastroenterology, OB/GYN, maternal-fetal medicine, podiatry, general surgery, allergy/asthma, nephrology, and psychiatry/telepsychiatry. These specialists provide services to Molokai residents and visitors by advanced appointments.

Staff Qualifications:

All direct patient care personnel are certified and hold current unencumbered licenses as required. Registered nurses are certified in CPR, Advanced Trauma Life Support, Advanced Cardiac Life Support, and pediatric/neonatal life support. The Queens' Health Systems supports these certifications through a nurse education grant. Support staff has the education / experience and /or have received training to adequately perform their job responsibilities.

Supervision

MGH is governed by its Board of Trustees. Board meetings are held five times a year and include reports from the President, medical chief of staff, controller, safety coordinator and director of facilities. The management system includes oversight of all operational areas. Management assignments include responsibilities for activities such as risk management, utilization review, continuous quality improvement, quality assurance, employee health, employee incentive program and policies and procedures. Fifteen department chiefs meet monthly to maintain coordination between departments.

With over 43 years of operation, MGH provides supervision on all areas of its operation on a 24 hour / 7 days a week basis. MGH has well qualified senior personnel functioning as chief of staff, medical director, director of nursing, director of facilities, controller, director of the Rural Health Clinic, business office supervisor and human resources coordinator. Critical Access Hospital policies and procedures have been implemented in area operational areas to provide additional guidance. There is always a "charge" person on duty and other senior management personnel are always available by telephone and are always "on-call."

Training

We invest nearly \$40,000 a year in training and education for our staff at all levels, with most of the funding targeted at frontline nursing staff. This is important because our

nurses need to be proficient and comfortable with emergency medicine, acute care, delivering babies, pediatrics, long term care and rehab services. All direct patient care personnel are certified and hold current unencumbered licenses as required. Support staff has the education / experience and /or have received training to adequately perform their job responsibilities.

B. Organization Chart

(See attachment)

IV. Service Summary and Outcomes

Molokai General Hospital will provide delivery of comprehensive medical and health care services to residents and visitors on the island of Molokai. This will include:

- Outpatient care including 24 hour / 365 days per year emergency room services. Delivery of primary care, family planning, consulting specialists clinic, chemotherapy and limited special procedures (endoscopy) services are generally on a Monday through Friday basis, with some weekend scheduling..
- 24 hour / 365 days per year inpatient care services consisting of thirteen (13) acute / skilled nursing facility / swing beds and two (2) long-term care beds.
- Ancillary services to including radiology, ultrasound, computerized tomography, laboratory and pharmaceutical services delivered by appropriately certified and licensed professionals. These services will be performed with the oversight of a consulting radiologist, pathologist and pharmacist, respectively.
- Other ancillary services will include occupational therapy, physical therapy, respiratory therapy, dietetic and social services.
- Molokai General Hospital will comply with the Joint Commission on Accreditation of healthcare Organizations (JCAHO) accreditation standards for continued accreditation.

In fiscal year ending June 30, 2006, MGH recorded patient visit volume totaling 20,553 visits and service transaction volume totaling 146,950 transactions. It is expected that similar visit and transaction volumes can be expected in the application period with variances based on cyclical trends such as intensity of the influenza season, allergens, weather changes and other factors affecting the health of the general population. In 2006, the primary care / internal medicine clinic began offering expanded hours of operations to accommodate more patients visits.

MGH tracks outcomes in conjunction with various programs. These include the targets established the Department of Health in areas such as physical examinations for certain age groups. In addition, the various quality assurance programs also track outcomes.

Molokai General Hospital (MGH) will not deny service to any patient based on race, color, age, gender, religion, national origin, marital status, political affiliations, sexual preference or ability to pay.

V. Financial

Molokai General Hospital's application for grant and subsidy for fiscal years July 1, 2007 to June 30, 2009 requests assistance in a few selected expense categories. These include registered nurse and licensed practical nurse salaries and payroll taxes, fringe benefits, emergency physician contract expense, insurance, supply and utility expenses.

(See attached Budget Request by Source of Funds, Budget Justification – Personnel: Salaries & Wages, Budget Justification – Payroll Taxes and Fringe Benefits, Budget Justification – Other expenses; for fiscal years 2007 through 2012)

VI. Other:

A. Litigation

There is no pending litigation to which Molokai General Hospital is a party.

B. Licensure or Accreditation

Molokai General Hospital is licensed by the Department of Health, State of Hawaii, to operate a 13 bed acute care hospital and a 2 bed skilled nursing and intermediate care facility.

Molokai General Hospital is accredited by the Joint Commission of Healthcare Organizations (JCAHO) and is one of only two Critical Access Hospital's in the State of Hawaii to hold that certification. In November 2006, MGH was reaccredited by JCAHO for a period of up to 39 months.



ORGANIZATIONAL CHART

**MOLOKAI GENERAL HOSPITAL
BOARD OF TRUSTEES**
Arthur Ushijima

PRESIDENT
Janice Kalaninui

MEDICAL EXECUTIVE DIRECTOR
N. Emmett Aluli, M.D.

MEDICAL STAFF SERVICES
William L. Thomas, Jr., M.D.
Chief of Staff

LTC PHYSICIAN
William L. Thomas, Jr., M.D.

ADMINISTRATIVE ASSISTANT
Punahale Aloni

HUMAN RESOURCES
Lei Mokiao
Human Resource Coordinator

IMAGING SERVICES
Donna Hoke
Sr. Radiology Technician

RURAL HEALTH CLINIC
Desiree Puiji, Director

**VICE PRESIDENT
FACILITY SERVICES**
Randy Lee

INPATIENT SERVICES
Mary Bonifacio, Director of
Nursing Staff

FINANCIAL SERVICES
Cyrus Sir, Controller

LABORATORY
Sandy Azuma
Laboratory Manager
(BLS Contract)

Perinatal/Midwifery Services
-Brigit Mulloy, CNM

Medical Office Building
Kidney Health/Diabetes
Molokai Hospice
Cardiovascular Risk
Oncology
Mental Health
Healthy Hawaii
OMH Grant
Tele-Health Grant

(Grounds/Plant System)
Housekeeping
-OnaMae Castardo
Dietary
-Rose Casino
Medical Records
-Nicolette Kalipi
Purchasing
-Robin Balldoy-Totherow

LTC
Social Services
Pharmacy Services
(EKG/Treadmill/BLS/ACLS)
-Cindy Ledesma
Activities
-Mary Anne Hill
Physical Therapy
-Mary Anne Hill
Speech Therapy
Infection Control
UR
CQI/QA
Employee Health

General Accounting & Budget
Account Payable
-Nataasha Kaholooa
Accountant
-Bradley Sakamoto
Payroll
-Lei Mokiao
Business Services
-Nicolette Kalipi
Patient Billing
Insurance Follow-Up
Collections
Cashiers
JJR

Diagnostic Radiology
Ultrasound
Mammography
CT Scanner
Risk Management

Molokai Family Support Center
-Claire Iveson, Project Director



BUDGET

BUDGET REQUEST BY SOURCE OF FUNDS

(Period: July 1, 2007 to June 30, 2009)

Applicant: Molokai General Hospital

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	432,058			
2. Payroll Taxes & Assessments	36,509			
3. Fringe Benefits	90,732			
TOTAL PERSONNEL COST	559,299			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance	11,501			
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies	600,000			
7. Telecommunication				
8. Utilities	216,000			
9. Contracted ER Physicians	613,200			
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	1,440,701			
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	2,000,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	2,000,000	Cyrus Siu 808 553 3125		
(b)		Name (Please type or print) <u>[Signature]</u> Phone <u>11/23/07</u>		
(c)		Signature of Authorized Official <u>[Signature]</u> Date <u>11/23/07</u>		
(d)		Cyrus Siu, Controller		
TOTAL REVENUE	2,000,000	Name and Title (Please type or print)		

Budget Justification
Personnel - Salaries Wages

Applicant: Molokai General Hospital

Period: July 1, 2007 to June 30, 2009

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME BUDGETED TO REQUEST B	TOTAL SALARY BUDGETED IN REQUEST A x B
Registered Nurse #1	1	\$63,292.32	100.00%	\$ 63,292.32
Registered Nurse #2	1	\$59,155.20	100.00%	\$ 59,155.20
Registered Nurse #3	1	\$68,870.88	100.00%	\$ 68,870.88
Registered Nurse #4	1	\$56,815.20	100.00%	\$ 56,815.20
Registered Nurse #5	1	\$63,423.36	100.00%	\$ 63,423.36
Registered Nurse #6	1	\$57,938.40	100.00%	\$ 57,938.40
Licensed Practical Nurse #1	1	\$31,281.12	100.00%	\$ 31,281.12
Licensed Practical Nurse #2	1	\$31,281.12	100.00%	\$ 31,281.12
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				432,057.60
JUSTIFICATION/COMMENTS:				
Registered nurses and license practical nurses staff the emergency room and hospital on a 24 hour 365 days a year schedule.				

Budget Justification
Payroll Taxes Fringe Benefits

Applicant/Provider:

MOLOKAI GENERAL HOSPITAL

RFP No.:

Period: July 1, 2007

to June 30, 2009

Date Prepared: 01/25/07

Contract No.:
(As Applicable)

TYPE	BASIS OF ASSESSMENTS OR FRINGE BENEFITS	% OF SALARY	TOTAL
PAYROLL TAXES & ASSESSMENTS:			
Social Security	432,058	7.65%	33,052
Unemployment Insurance (Federal)	432,058	0.80%	3,456
Unemployment Insurance (State)	As required by law	As required by law	
Worker's Compensation	As required by law	As required by law	
Temporary Disability Insurance	As required by law	As required by law	
SUBTOTAL:			
FRINGE BENEFITS:			
Health, dental, tdi, ltdi, life Insurance & other	432,058	21.00%	90,732
SUBTOTAL:			
TOTAL:			127,241
JUSTIFICATION/COMMENTS:			

**Budget Justification
Other Expenses**

Applicant/Provider: Molokai General Hospital

RFP No.: HTH 595 -07-02

Period: 07/01/07 to 06/30/08

Date Prepared: 09/25/06

Contract No.
(As Applicable) _____

NAME OF BUSINESS OR INDIVIDUAL	TOTAL BUDGETED	SERVICES PROVIDED	JUSTIFICATION/COMMENTS
Emergency Room Contract Physicians	613,200	24 hour emergency room coverage	As do most rural hospitals in Hawaii, MGH utilizes contract ER physicians.
Utilities	216,000	Electricity for hospital operations	Mololaki has the highest rates in the country
Supplies	600,000	Medical supplies	Pharmaceutical & medical supplies is a major expense item.
Insurance	11,501	liability insurance	Insurance is a major expense item
TOTAL:	1,440,701		



LICENSURE & ACCREDITATION



STATE OF HAWAII
DEPARTMENT OF HEALTH

LICENSE

THE QUEEN'S HEALTH SYSTEMS is hereby granted a license to operate a
Hospital (MOLOKAI GENERAL HOSPITAL)
at 280 Home Olu Place, Kaunakakai, Hawaii 96748
with a capacity of 13 beds. This license is valid for One Year
ending July 31, 2007 unless revoked for just cause.

This license is granted in accordance with provisions of the State Public Health laws and regulations.

Effective Date: August 1, 2006

Director of Health

Date Issued: July 3, 2006

By

Office of Health Care Assurance

OHCA # 18-H
License is not transferable.



STATE OF HAWAII
DEPARTMENT OF HEALTH

LICENSE

THE QUEEN'S HEALTH SYSTEMS is hereby granted a license to operate a
Skilled Nursing and Intermediate Care Facility (MOLOKAI GENERAL HOSPITAL)
at 280 Home Olu Place, Kaunakakai, Hawaii 96748
with a capacity of 2 beds. This license is valid for One Year
ending July 31, 2007 unless revoked for just cause.

This license is granted in accordance with provisions of the State Public Health laws and regulations.

Effective Date: August 1, 2006

Director of Health

Date Issued: July 3, 2006

By

Office of Health Care Assurance

OHCA # 34-N
License is not transferable



Joint Commission
on Accreditation of Healthcare Organizations
Setting the Standard for Quality in Health Care

December 6, 2006

Janice Kalaninuiua
President
Molokai General Critical Access Hospital
280 Homeolu Place
Kaunakakai, HI 96748

Joint Commission ID #: 10231
Accreditation Activity: Evidence of Standards
Compliance
Accreditation Activity Completed: 12/6/2006

Dear Ms. Kalaninuiua:

The Joint Commission would like to thank your organization for participating in the Joint Commission's accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Accreditation Manual for Critical Access Hospitals.

This accreditation cycle is effective beginning November 01, 2006. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 39 months. Please visit [Quality Check®](#) on the Joint Commission web site for updated information related to your accreditation decision.

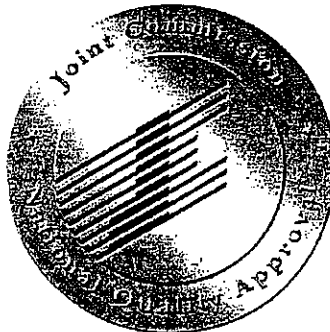
We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that the Joint Commission will keep the report confidential, except as required by law. To ensure that the Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Russell P. Massaro, MD, FACPE
Executive Vice President
Division of Accreditation and Certification Operations

Molokai General Critical Access Hospital
Critical Access Hospital
Kaunakakai, HI
has been Accredited by the



Joint Commission
on Accreditation of Healthcare Organizations

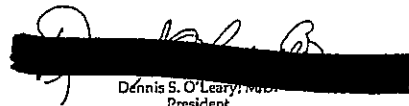
Which has surveyed this organization and found it to meet the requirements for accreditation.

November 1, 2006

Accreditation is customarily valid for up to 39 months.


Fred L. Brown
Chairman of the Board of Commissioners

10231
Organization ID #


Dennis S. O'Leary, MD
President

The Joint Commission on Accreditation of Healthcare Organizations is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to the Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through the Joint Commission's web site at www.jcaho.org.

